



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

SEP 10 1984

SUBJECT: Clarification on Calculating Actual Production
Losses for Emergency (EM) Loan Applicants
Who are Participating in the 1984 Agricultural
Stabilization and Conservation Service (ASCS)
Payment-in-Kind (PIK) Program

TO: All State Directors, Farmer Programs Chiefs,
District Directors and County Supervisors

The 1984 Agricultural Stabilization and Conservation Service (ASCS) Payment-in-Kind (PIK) program was limited to wheat producers only. In order to participate in the PIK program, producers must have (1) set-aside the first 10 percent of their base acreage in return for a cash payment (2) set-aside the next 20 percent of their base acreage without receipt of any payment and (3) set-aside the next 10-20 percent of their base acreage in exchange for an amount of wheat equal to 85 percent of the producer's established yield. This notice provides clarification on how PIK benefits are to be treated in the Secretarial designation process and in calculating an applicant's eligibility and maximum EM loss loan entitlement.

PIK acres will not be considered by the Secretary in the designation process when making EM loan assistance available in an area. However, when determining the individual applicant's eligibility for an EM loan, the crop acreage enrolled in the PIK program, and set-aside acreage on which a cash payment was received, will be considered as having produced a normal year's yield in both the disaster year and normal year. The acreage set-aside without receipt of payment will be considered to have been fallow in both the normal and the disaster year and will not be included in the loss determination.

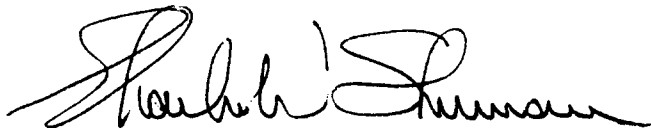
EXPIRATION DATE: SEPTEMBER 30, 1985

FILING INSTRUCTION:
PRECEDING FmHA INSTRUCTION
1945-D



The FmHA official completing Form 1945-26, "Calculation of Actual Losses," will list all PIK acres and all acres for which a set-aside payment was received as a part of any single enterprise that suffered losses due to the disaster. These PIK and paid set-aside acres will be considered to have produced a normal year's yield in the disaster year; and the disaster year's gross income on those acres will be determined by multiplying the acres by the normal year's yield and by the unit price for the commodity. The results of these calculations will be added to the applicant's disaster year's gross income from all planted acres.

Applicants applying for EM loan assistance will be instructed, in writing, by the FmHA County Supervisor to identify PIK and paid set-aside acres on Form FmHA 1945-22, "Certification of Disaster Losses." The FmHA County Supervisor will also request ASCS to identify PIK and paid set-aside acres in Section 5, Part II, of Form FmHA 1945-29, "ASCS Verification of Farm Acreages, Production and Benefits." The information obtained from ASCS on Form 1945-29 will be cross checked with information provided by the applicant on Form 1945-22. Any discrepancies will be resolved and the correct information recorded in the county office case file before the loan is approved.



CHARLES W. SHUMAN
Administrator